

ESTTA Tracking number: **ESTTA167690**

Filing date: **10/09/2007**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

| | |
|---------------------------|--|
| Proceeding | 92047013 |
| Party | Defendant Internet FX, Inc. |
| Correspondence Address | Susan E. Hollander, Laura M. Franco Manatt, Phelps & Phillips, LLP 1001 Page Mill Road, Bldg. 2 Palo Alto, CA 94304 UNITED STATES patrademarks@manatt.com |
| Submission | Opposition/Response to Motion |
| Filer's Name | Laura M. Franco |
| Filer's e-mail | patrademarks@manatt.com |
| Signature | /Laura M. Franco/ |
| Date | 10/09/2007 |
| Attachments | Brief in Opposition to Motion to Strike - NETTRAK.pdf (6 pages)(174424 bytes) |

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE BEFORE
THE TRADEMARK TRIAL AND APPEAL BOARD**

In re Registration No. 3,064,820

Mark: NETTRAK

Registered: March 7, 2006

| | | |
|--------------------|---|--------------------------------------|
| NeTrack, Inc., |) | Cancellation No. 92047013 |
| |) | |
| Petitioner, |) | |
| |) | BRIEF IN OPPOSITION TO |
| v. |) | PETITIONER'S MOTION TO STRIKE |
| |) | |
| Internet FX, Inc., |) | |
| Registrant. |) | |
| |) | |

Commissioner for Trademarks
P.O. Box 1451
Alexandria, Virginia 22313-1451

Pursuant to Trademark Trial and Appeal Board Manual of Procedure ("TBMP") §§ 502.02 and 509.01 Registrant Internet FX, Inc. ("Registrant") hereby submits this brief in opposition to Petitioner's Motion to Strike portions of Respondent's Motion to Reopen Discovery and Reset Testimony and Trial Periods.

1. Petitioner's Motion Is Simply a Diversionary Tactic

Petitioner's motion is nothing more than a thinly veiled attempt to divert the Board's attention away from the true issue at bar: Petitioner's unreasonable refusal to consent to reopen the discovery period for a limited period of time. Specifically, Petitioner, in an effort to obtain some perceived advantage, refused Registrant's perfunctory request to reopen the discovery period for merely three additional months. Petitioner's refusal was petty, given that "the Board is generally liberal in granting extensions of time." *KAZ, Inc. v. Chervitz*, 2002 TTAB LEXIS 306, *7 (TTAB May 20,

2002); *American Vitamin Products, Inc. v. Dow Brands, Inc.*, 1992 TTAB LEXIS 10 (TTAB January 16, 1992). See also *Champagne Louis Roederer v. J. Garcia Carrion, S.A.*, 2004 TTAB LEXIS 235 (TTAB April 15, 2004) (granting motion to reopen made one month after close of discovery period). Indeed, Petitioner's pettiness is replete in the communications attached to Registrant's motion.

Realizing that its unreasonable refusal to agree to reopen the discovery period had been exposed, Petitioner engaged in further game-playing by bringing this motion to divert scrutiny away from itself. Indeed, had Petitioner simply consented to Registrant's request, Registrant would not have been forced to bring its motion, and the Board would not have had to spend its limited time on these ancillary issues.

2. Rule 408 Does Not Prohibit Use of Settlement Information for Purposes Other than to Establish Liability

In its attempt to vilify Registrant to the Board, Petitioner simply ignores the plain language of Federal Rule of Evidence 408, which states that the "rule does not require exclusion [of offers to compromise] if the evidence is offered for purposes not prohibited by subdivision (a). Examples of permissible purposes include proving a witness's bias or prejudice; negating a contention of undue delay; and proving an effort to obstruct a criminal investigation or prosecution" (emphasis added). Indeed, it is well-established in federal courts as well as before the Board that where evidence of offers to compromise are not offered to establish liability, that evidence is admissible. See, *Cohn v. Petsmart, Inc.*, 281 F.3d 837, 840 (9th Cir. 2002) (settlement letter offered to establish value of trademark for jurisdictional purposes, not to establish liability, and thus was admissible); *Starter Corp. v. Converse, Inc.*, 170 F.3d 286, 293 (2d Cir. 1999) (settlement evidence admissible because it was not used to prove liability for infringement claim, but to

establish that alleged infringer was estopped from using disputed mark on certain goods); *HRL Assoc., Inc. v. Weiss Assoc., Inc.*, 1989 TTAB LEXIS 33, *10, n.7 (TTAB, July 21, 1989) (recognizing that settlement statements may be admissible).¹

Here, Registrant did not use the parties' communications to seek a judgment of non-liability or to otherwise challenge Petitioner's claims. Rather, Registrant submitted the communications to explain the reasons it did not serve discovery prior to the close of the discovery period – namely, reliance on what it believed to be Petitioner's good faith attempts to resolve the matter. In fact, Petitioner admits that "the only factor in Registrant's motion that Registrant attempts to support with the confidential settlement information is factor 3, which is the reason for the delay . . ." (Petitioner's Motion at 2). By Petitioner's own admission, such evidence is admissible under F.R.E. 408.

Petitioner also ignores the fact that not a single one of its communications attached as an exhibit to Registrant's motion contained a statement, legend, or any other indication that the communication was confidential or to be used for settlement purposes only. Indeed, the majority of these communications, while referring to resolution generally, actually concern the service of discovery, Registrant's requests to reopen the discovery period, and Petitioner's refusals to do so. Had Petitioner been so concerned about the disclosure of confidential settlement material, it should have indicated on the face of the communications its expectation of confidentiality. However, even with such a designation, the communications would be admissible under F.R.E. 408.

¹ While not citable precedent of the Board, numerous other Board decisions have expressly allowed settlement evidence pursuant to F.R.E. 408: *Central Mfg. Co. v. Outdoor Innovations, LLC*, 2003 TTAB LEXIS 189, *3-4 (TTAB 2003) (allowing settlement evidence to argument that opposer's actions were intended to obstruct the prosecution of applicant's marks); *TRW Inc. v. Mitsui Universal Joint Co.*, 2001 TTAB LEXIS 121, *5 n.4 (TTAB March 7, 2001) (settlement offer admissible for purpose of "rebutting [opposer's] insinuation of bad faith").

3. The Parties' Communication Was Relevant and Petitioner Will Not Be Unfairly Prejudiced by It

Petitioner is correct on one fact: Registrant submitted the parties' communication to support its belief that the case would settle. (Petitioner's Motion at 3). In its motion to reopen, Registrant was required to explain the reasons for its delay in serving discovery on Petitioner. *See Pumpkin Ltd. v. The Seed Corps.*, 1997 TTAB LEXIS 24, *12 (TTAB July 15, 2007) (one element of excusable neglect is the reason for the delay). Registrant believes that the only way in which it could have done so was to explain the history of the parties' interactions throughout the discovery period, including Petitioner's statements regarding the status of settlement. However, inextricably intertwined in those discussions were Registrant's good faith efforts to obtain Petitioner's consent to reopen the discovery period without having to file a motion before the Board. *Id.* (excusable neglect takes into account whether the movant acted in good faith). Indeed, without the specifics of the communications, the Board would have no basis for assessing whether Registrant's reliance on the negotiations was actual or reasonable, or even whether Registrant was acting in good faith in forbearing from serving discovery. Accordingly, the evidence made the existence of these two facts – reliance on Petitioner's statements and Registrant's good faith – more probable than they would have been without such evidence. Further, there can be no dispute that such facts, consisting of two of the facts in the excusable neglect test, are of consequence to Registrant's motion. Accordingly, the parties' communications are relevant and admissible under F.R.E. 401.

Moreover, despite Petitioner's claims to the contrary, it will not be unfairly prejudiced by the disclosure of the parties' communications. Indeed, any unfair prejudice to Petitioner would only result if the Board took the communications as evidence of

Petitioner's concession that Registrant is not liable on the underlying issues in this action – likelihood of confusion and descriptiveness. *Starter*, 170 F.3d at 294. It is doubtful that the Board will be lured to consider these communications for any purpose other than to assess the delay factor of the excusable neglect test. Accordingly, the communications are admissible under F.R.E. 403.

4. Motions To Strike Are Disfavored

While the Board may strike from a pleading any redundant, immaterial, impertinent or scandalous matter (Fed.R.Civ.P. 12(f), TBMP 506.01) motions to strike are generally disfavored. Hence, matter will not be stricken unless it clearly has no bearing upon the issues in the case. *See Leon Shaffer Golnick Advertising, Inc. v. William G. Pendil Marketing Co., Inc.*, 177 U.S.P.Q.2d 401, 402 (TTAB 1977); *FRA S.p.A. v. Surg-O-Flex of America, Inc.*, 415 F. Supp. 421 (S.D.N.Y. 1976). Because the parties' communications are admissible under the plain language of F.R.E. 408, directly bear upon Registrant's claim of excusable neglect for failure to serve discovery during the discovery period and do not prejudice Petitioner before the trier of fact, Petitioner's request to strike the material in Registrant's motion should be denied.

CONCLUSION

For the foregoing reasons, Registrant requests that the Board deny Petitioner's motion to strike.

Respectfully submitted,

MANATT, PHELPS & PHILLIPS, LLP

By: 

Susan E. Hollander, Esq.

Laura M. Franco, Esq.

Christine Klenk, Esq.

Manatt, Phelps & Phillips, LLP

Dated: October 9, 2007

1001 Page Mill Road, Bldg. 2
Palo Alto, CA 94304

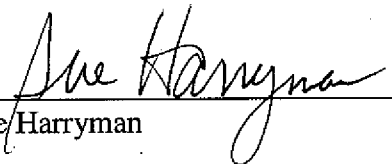
*Attorneys for Registrant
Internet FX, Inc.*

CERTIFICATE OF SERVICE

I hereby certify that the foregoing BRIEF IN OPPOSITION TO PETITIONER'S MOTION TO STRIKE has been served upon the Petitioner by depositing it with the United States Postal Service as first class mail, postage prepaid, in a sealed envelope addressed to:

Carl Oppedahl, Esq.
Oppedahl Patent Law Firm, LLC
P. O. Box 4850
Frisco, CO 80443-4850

on this 9th day of October, 2007.


Sue Harryman